Weekly Economic Review

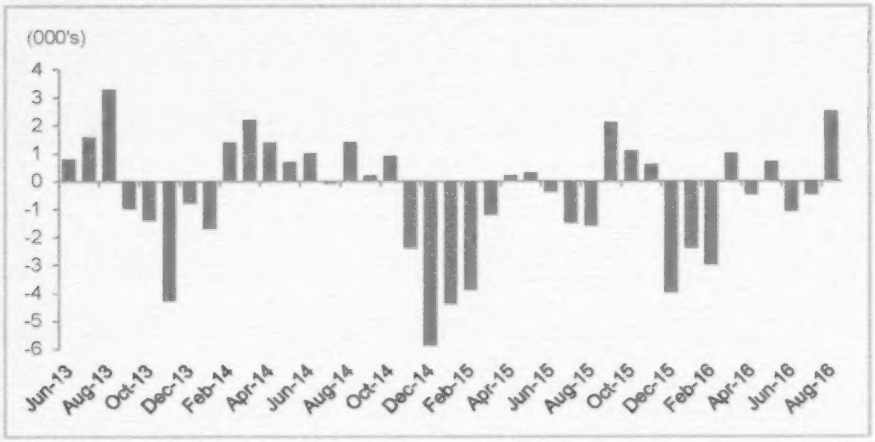
Solid gains in job vacancies

Job Vacancies

Strongest increase in vacancies since the downturn began

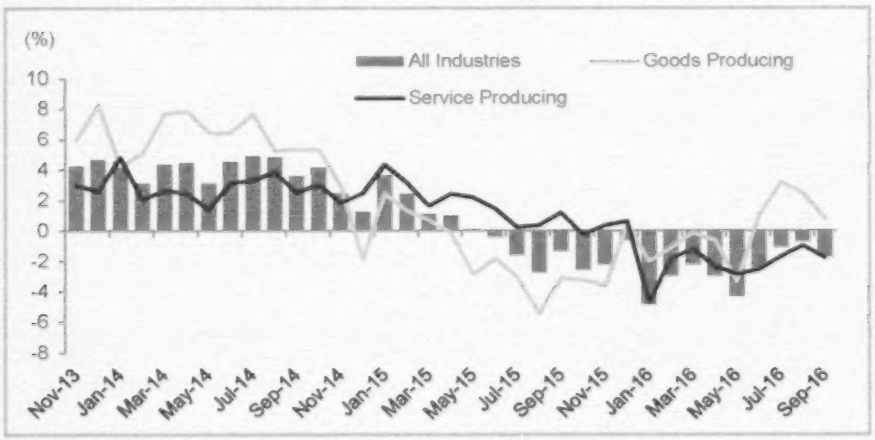
Following little change in the past five months, the number of job vacancies increased in August. There was an average of 28,000 job vacancies over the three month period ending in August, up 2,500 over the previous period. This was the largest increase since August 2013 (Chart 1). Despite the monthly improvement, job opportunities remain subdued as there were 3,500 fewer job openings compared with a year ago. In addition, the unemployment-to-job vacancy ratio remained high at 7.7 unemployed persons per job opening as unemployment increased. Alberta's unemployment-to-job vacancy ratio sits above the Canadian average.

Chart 1: Biggest increase in job vacancies since August 2013
Monthly change in the number of job vacancies



Source: Statistics Canada

Chart 2: Decline in service sector drags down overall earnings growth
Year-over-year growth in average weekly earnings



Source: Statistics Canada

Average Weekly Earnings

Earnings stagnant

Average weekly earnings (AWE) slipped slightly in September. They were down 0.3% month-over-month (m/m) to $1,118. An uptick in goods sector earnings (+0.2 m/m) was overwhelmed by a larger decline in the service sector (-0.5% m/m). On a year-over-year (y/y) basis, growth in the goods sector has improved, supported by higher earnings in mining, oil and gas (+5.3% y/y). Meanwhile, service sector growth has been pulled down largely by wholesale trade (-5.8% y/y), professional and scientific services (-5.7% y/y) and management of companies (-5.3% y/y) (Chart 2). Year-to-date, earnings were down 2.6%.

Retail Sales

Albertans keep spending in check

Retail sales in Alberta inched up for the second month in a row in September but remained tempered. Retail sales totalled $6.1 billion, up 0.3% from August. So far this year, overall sales have remained in a narrow range of $6.1 to $6.2 billion, with sales down 2.1%. Year-to-date (YTD), sales have been lower due to a pullback in the two largest categories, gas stations (-11.3%) and motor vehicle and parts (-3.1%). Sales of other durable items such as electronics and appliances (-7.1%), furniture stores (-4.4%), and building materials and garden equipment (-3.7%) have also

fallen year-to-date. Conversely, sales have grown in health and personal care (+17.4%), sporting goods, hobby and book stores (+6.3%), and miscellaneous retailers (+2.6%).

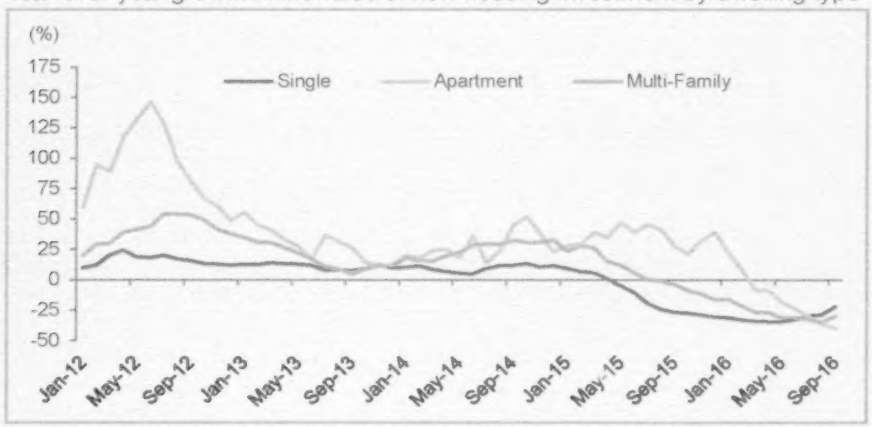
Employment Insurance

EI claims easing

The number of Employment Insurance (EI) claims receded for the second straight month in September. There were 31,230 EI claims received, down 8.0% m/m. Initial claims have also begun to moderate, dipping to 16,240 (seasonally unadjusted), the lowest level since October 2014 and an improvement from an average of about 28,000 in the first eight months of 2016. However, the rising number of renewals has kept overall claims high since July, when the EI extension program was put in place.

Chart 3: New housing investment down sharply across the board

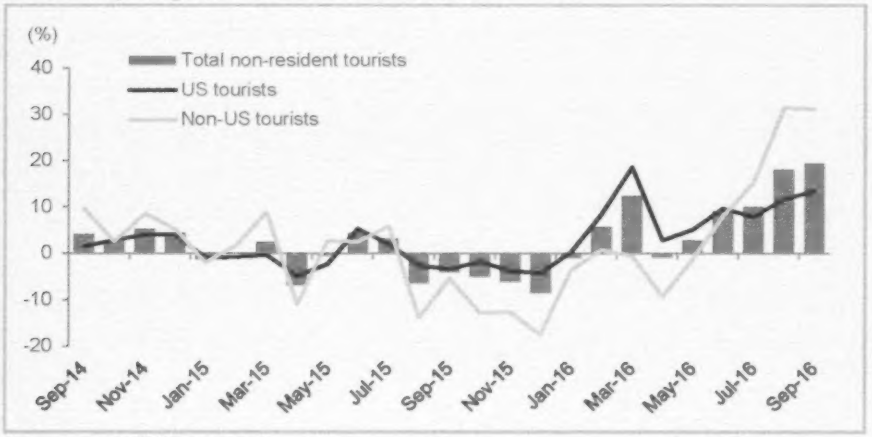
Year-over-year growth in the value of new housing investment by dwelling type



Source: Statistics Canada

Chart 4: Another strong month for Alberta's tourism sector

Year-over-year growth in international visits



Source: Statistics Canada

Investment in New Housing Construction

Investment remains weak despite improvement

Despite improving for the second consecutive month, new housing investment remained sharply down from last year's level. Investment was down 29% y/y, reflecting broad-based declines across all dwelling types (Chart 3). Overall new housing investment has been falling on a year-over-year basis since July 2015, with the pace of decline accelerating since January. YTD, investment was also down 29% compared with a year ago.

Travel

Record growth in international visits

Alberta's tourism sector continues to get a boost from a persistently weak Loonie and a stronger US economy. A total of 109,241 non-Canadian residents entered Alberta in September, up 19% y/y. This represents the largest year-over-year increase in over 10 years and reflects higher levels for both US and non-US visits. US visits were propped up by both US tourists directly entering Alberta (+13% y/y) and the number of same-day visits by US citizens (+16% y/y). The number of non-US tourists directly entering Alberta also rose (+31% y/y). On the other hand, the number of Canadian tourists returning through Alberta from US (-5.5% y/y) and non-US destinations (-10% y/y) remained weak. At the national level, however, the number of Canadian tourists returning from abroad increased for the first time since February 2015 (+5.0% y/y).

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.